

Economic Recovery Improves Federal Financial Picture

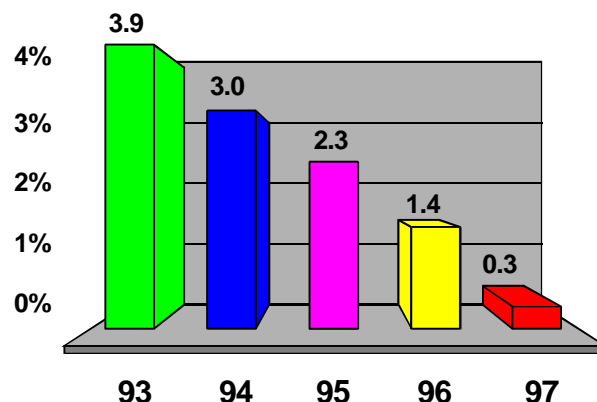
The improving economy helped increase receipts in fiscal 1997 and lower the rate of spending growth. This coupled with selective cuts in Government programs lowered the deficit and slowed the growth of debt.

Primarily due to higher-than-anticipated refunds paid to corporations, corporate receipts only grew by 6.1 percent in fiscal 1997, \$4.8 billion lower than the mid-session review estimate. Meanwhile, growth of spending was held down by a combined drop of \$3.5 billion in outlays from fiscal 1996 by the Departments of Agriculture and Energy.

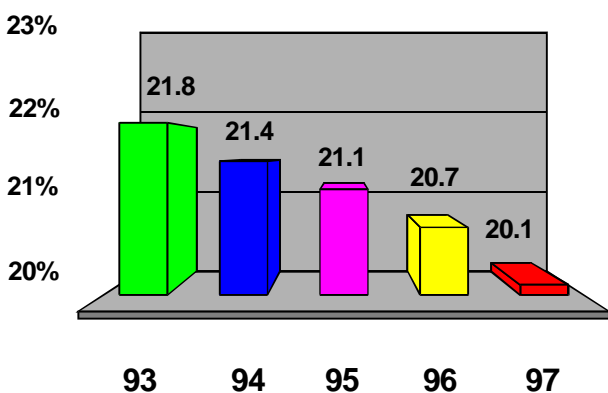
Growth of nominal gross domestic product (GDP), or the total output of the economy, was 5.9 percent in fiscal 1997, up from an increase of 4.8 percent in 1996. Meanwhile, the deficit dropped from this decade's high of 4.7 percent of GDP in fiscal 1992 to only 0.3 percent in fiscal 1997.

As a percentage of GDP, spending also dropped in 1997 as did Federal debt held by the public. Spending in fiscal 1997 was 20.1 percent of the Nation's total economic output compared to 20.7 percent in 1996. Federal debt held by the public dropped again in 1997 to 47.3 percent of GDP from 49.6 percent in 1996.

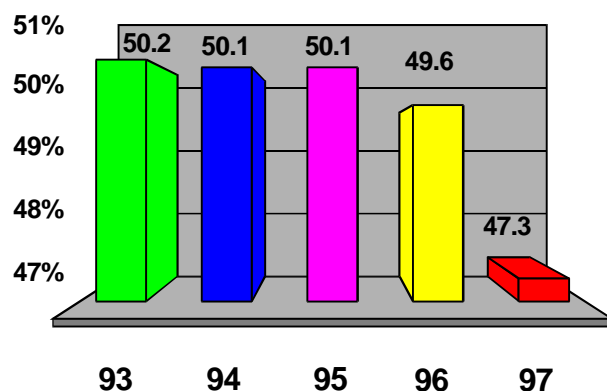
Federal Deficit as a Percentage of Gross Domestic Product Dropped



Spending as a Percentage of Gross Domestic Product Also Dropped



Federal Debt Held by the Public as a Percentage of Gross Domestic Product Dropped Again



Basic Economic Statistics 1993 — 1997

	1993	1994	1995	1996	1997
Economic growth (%)	2.4	3.3	1.6	3.2	3.8
Inflation (%)	2.7	2.7	2.5	3.3	1.7
Job growth (millions).	2.8	3.9	2.2	2.5	3.2
Unemployment rate (%) . . .	6.9	6.1	5.6	5.4	4.9

Note: Economic growth is based on fourth quarter to fourth quarter; the 1997 figure reflects the first three quarters at an annual rate. Inflation and growth are based on December to December. The unemployment rate is based on the annual average. Inflation was measured using the Consumer Price Index (CPI).

Federal Employees 1990 — 1999

Sept. 30	In millions
1990	2.250
1991	2.243
1992	2.225
1993	2.157
1994	2.085
1995	2.012
1996	1.934
1997	1.872
1998*	1.837
1999*	1.824

* Projected relative to the Workforce Restructuring Act of 1994.